

**Senate Bill No. 876**

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Passed the Senate August 29, 2014

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*Secretary of the Senate*

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Passed the Assembly August 29, 2014

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 8278.3, 8357, 8447, 8450, 48000, 51749.5, 53012, 84754.6, 89295, 92495, and 92675 of the Education Code, and to amend Section 10502 of the Public Contract Code, relating to education finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.

## LEGISLATIVE COUNSEL'S DIGEST

SB 876, Committee on Budget and Fiscal Review. Education finance.

(1) Existing law establishes the Child Care Facilities Revolving Fund, a continuously appropriated fund, to provide funding for the renovation, repair, or improvement of an existing building to make it suitable for licensure for child care and development services and for the purchase of new relocatable child care facilities for lease to local educational agencies and contracting agencies that provide child care and development services. Existing law requires local educational agencies and contracting agencies using facilities made available by the use of these funds to be charged a leasing fee, as specified, and requires the Superintendent of Public Instruction to deposit any revenue derived from the lease payments into the fund. Existing law requires augmentations to the fund made in the Budget Act of 2014 to be used for renovation or repair of existing local educational facilities or new relocatable child care facilities for lease to local educational agencies that provide California state preschool program services.

This bill would require the funding for the renovation, repair, or improvement of an existing building to make it suitable for licensure for child care and development services to be used for loans, would require the loans to be repaid within a period that does not exceed 10 years, and would require the Superintendent to deposit all revenue derived from the loan repayments into the fund, thereby making an appropriation. The bill would also require augmentations to the fund made in the Budget Act of 2014 to be used for loans for renovation or repair of existing local educational agency facilities to ensure those facilities meet applicable health

and safety standards or the purchase of new relocatable child care facilities for lease to local educational agencies, for the purpose of expanding access to California state preschool program services.

(2) Existing law requires the cost of child care services provided for CalWORKs recipients to be governed by regional market rates and requires regional market rate ceilings to be established at the 85th percentile of the 2005 regional market rate survey for each region.

This bill, commencing January 1, 2015, would instead require the regional market rate ceilings to be established at the greater of either the 85th percentile of the 2009 regional market rate survey for a region, reduced by 10.11%, or the 85th percentile of the 2005 regional market rate survey for that region.

(3) Existing law requires the Department of Finance and the Department of General Services to approve or disapprove annual state subsidized child care and development program contract funding terms and conditions, including both family fee schedules and regional market rate schedules that are required to be adhered to by contract. Existing law, commencing January 1, 2015, requires the State Department of Education to implement the regional market schedule based upon the county aggregates, as determined by the Regional Market survey conducted in 2009 and requires the regional market rate schedule to be reduced by 13%, except as specified.

This bill would instead require the regional market rate schedule to be reduced by 10.11%, except as specified.

(4) Existing law authorizes a child development contractor to retain a reserve fund balance equal to 5% of the sum of the maximum reimbursable amount of all contracts to which the contractor is a party, or \$2,000, whichever is greater, and authorizes a California state preschool program contracting agency to retain in the reserve fund an additional 10% of the sum of the maximum reimbursable amount of all preschool contracts to which the contracting agency is a party for purposes of professional development for California state preschool program staff.

This bill would clarify the reserve fund balance limits that apply to child development contractors and California state preschool program contracting agencies, as specified.

(5) Existing law requires a school district or charter school, as a condition of receipt of apportionment for pupils in a transitional

kindergarten program, to ensure that teachers who are assigned to a transitional kindergarten class after July 1, 2015, be credentialed and, by August 1, 2020, have a minimum number of units in early childhood education or childhood development, comparable experience in a preschool setting, or a child development permit issued by the Commission on Teacher Credentialing.

This bill would instead require a school district or charter school, as a condition of receipt of apportionment for pupils in a transitional kindergarten program, to ensure that credentialed teachers who are first assigned to a transitional kindergarten class after July 1, 2015, have, by August 1, 2020, a minimum number of units in early childhood education or childhood development, comparable experience in a preschool setting, or a child development teacher permit issued by the Commission on Teacher Credentialing.

(6) Existing law, commencing with the 2015–16 school year, authorizes a school district, charter school, or county office of education to provide independent study courses for pupils enrolled in kindergarten and grades 1 to 12, inclusive, in accordance with prescribed conditions. Existing law provides for the computation of the average daily attendance for pupils enrolled in courses offered pursuant to these provisions.

This bill would revise the computation of the average daily attendance for those independent study courses by providing that if more than 10% of the total average daily attendance of a school district, charter school, or county office of education is claimed pursuant to those courses, the amount of average daily attendance for all pupils enrolled by that school district, charter school, or county office of education enrolled in those courses that exceeds 10% of the school district's, charter school's, or county office of education's total average daily attendance shall be reduced, as specified.

(7) Existing law establishes the California Career Pathways Trust as a state education and economic and workforce development initiative, requires the State Department of Education to administer the trust as a competitive grant program, as specified, and provides that a grant recipient may be a school district, county office of education, direct-funded charter school, or community college district.

This bill would provide that a regional occupational center or program operated as a joint powers authority may also be a grant recipient.

(8) Existing law requires the Chancellor of the California Community Colleges to publicly post annual segmentwide and community college district goals, and requires the chancellor, in coordination with stakeholders, specified committees of the Legislature, and the Department of Finance, to develop, and the board of governors to adopt, a framework of indicators designed to measure and assess the ongoing condition of a community college's operational environment in specified areas. Existing law requires, as a condition of the receipt of specified funds, each community college within a community college district to annually develop, adopt, and post a goals framework that addresses at least all of the specified areas referenced above in connection with the measurement and assessment of the ongoing condition of a community college's operational environment.

This bill would state legislative intent regarding these goals frameworks and would require the board of governors to annually develop, adopt, and publicly post a systemwide goals framework that addresses at least all of the specified areas referenced above in connection with the measurement and assessment of the ongoing condition of a community college's operational environment.

(9) Existing law requires the California State University and the University of California to report, by March 15 of each year, on specified performance measures, including various calculations of graduation rates and amounts spent per degree, for the preceding academic year.

This bill would express the intent of the Legislature that the appropriate policy and fiscal committees of the Legislature review these performance measures in a collaborative process with the Department of Finance, the Legislative Analyst's Office, individuals with expertise in statewide accountability efforts, the University of California, the California State University, and the California Community Colleges, and consider any recommendations for their modification and refinement, as specified.

(10) Existing law establishes procedures to be followed by the University of California if it plans to use any of the support appropriation in the annual budget for a subsequent fiscal year for

capital expenditures, as specified. Under existing law, these procedures include the submission of specified data to the Joint Legislative Budget Committee.

This bill would revise these procedures to provide for the submission of this data to the committees in each house of the Legislature that consider the annual state budget and the budget subcommittees in each house of the Legislature that consider appropriations for the University of California, instead of to the Joint Legislative Budget Committee.

(11) Existing law requires the Regents of the University of California to give public notice of a project to bidders by publication twice in one newspaper of general circulation published in the county in which the major portion of the project is located and in one trade paper circulated in the county in which the major portion of the work is to be done, as specified, within the 60-day period preceding the day set for the receiving of bids.

This bill would authorize the regents to give public notice of a project to bidders under this provision either in the newspaper and trade paper as indicated above or electronically on the Internet Web site of the university.

(12) Existing law authorizes a school district or charter school to maintain a transitional kindergarten program and defines transitional kindergarten as the first year of a 2-year kindergarten program that uses a modified kindergarten curriculum that is age and developmentally appropriate. Existing law requires the Superintendent of Public Instruction to administer all California state preschool programs. Existing law requires those programs to include part-day age and developmentally appropriate programs designed to facilitate the transition to kindergarten for 3- and 4-year-old children. Existing law requires the county board of supervisors and the county superintendent of schools to select members of a local planning council. Existing law requires a local planning council to conduct an assessment of child care needs in the county no less than once every 5 years.

Of the moneys appropriated in the Budget Act of 2014, this bill would allocate a certain portion of those moneys for purposes of professional development stipends, to be administered by local planning councils, for teachers in transitional kindergarten and teachers in the California state preschool program, as provided.

By imposing a new duty on a local planning council, the bill would create a state-mandated local program.

(13) This bill would make nonsubstantive changes to these provisions.

(14) Funds allocated by this bill would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution, as provided.

(15) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(16) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 8278.3 of the Education Code is amended to read:

8278.3. (a) (1) The Child Care Facilities Revolving Fund is hereby established in the State Treasury to provide funding for loans for the renovation, repair, or improvement of an existing building to make the building suitable for licensure for child care and development services, and for the purchase of new relocatable child care facilities for lease to local educational agencies and contracting agencies that provide child care and development services, pursuant to this chapter. The Superintendent may transfer state funds appropriated for child care facilities into this fund for allocation to local educational agencies and contracting agencies, as specified, for the purchase, transportation, and installation of facilities for replacement and expansion of capacity. Local educational agencies and contracting agencies using facilities purchased by the use of these funds shall be charged a leasing fee, either at a fair market value for those facilities or at an amount sufficient to amortize the cost of purchase and relocation,

whichever amount is lower, over a 10-year period. Upon full repayment of the purchase and relocation costs, title shall transfer from the State of California to the local educational agency or contracting agency. Loans for renovation or repair shall be repaid within a period that does not exceed 10 years. The Superintendent shall deposit all revenue derived from the lease payments or renovation or repair loan repayments into the Child Care Facilities Revolving Fund.

(2) Notwithstanding Section 13340 of the Government Code, all moneys in the fund, including moneys deposited from lease payments or loan repayments, are continuously appropriated, without regard to fiscal years, to the Superintendent for expenditure pursuant to this article.

(3) Augmentations to the Child Care Facilities Revolving Fund made in the Budget Act of 2014 shall be used for loans for renovation or repair of existing local educational agency facilities to ensure those facilities meet applicable health and safety standards or the purchase of new relocatable child care facilities for lease to local educational agencies, for the purpose of expanding access to California state preschool program services pursuant to this chapter.

(b) On or before August 1 of each fiscal year, the Superintendent shall submit to the Department of Finance and the Legislative Analyst's Office a report detailing the number of funding requests received and their purpose, the types of agencies that received funding from the Child Care Facilities Revolving Fund, the increased capacity that these facilities generated, a description of the manner in which the facilities are being used, and a projection of the lease payments and loan repayments collected and the funds available for future use.

(c) A local educational agency that provides child care pursuant to the California School Age Families Education Program (Article 7.1 (commencing with Section 54740) of Chapter 9 of Part 29 of Division 4 of Title 2) is eligible to apply for and receive funding pursuant to this section.

SEC. 2. Section 8357 of the Education Code is amended to read:

8357. (a) The cost of child care services provided under this article shall be governed by regional market rates. Recipients of child care services provided pursuant to this article shall be allowed

to choose the child care services of licensed child care providers or child care providers who are, by law, not required to be licensed, and the cost of that child care shall be reimbursed by counties or agencies that contract with the State Department of Education if the cost is within the regional market rate. For purposes of this section, “regional market rate” means care costing no more than 1.5 market standard deviations above the mean cost of care for that region. The regional market rate ceilings shall be established at the 85th percentile of the 2005 regional market rate survey for that region. Commencing January 1, 2015, the regional market rate ceilings shall be established at the greater of either the 85th percentile of the 2009 regional market rate survey for that region, reduced by 10.11 percent, or the 85th percentile of the 2005 regional market rate survey for that region.

(b) Reimbursement to license-exempt child care providers shall not exceed 60 percent of the family child care home rate established pursuant to subdivision (a), effective July 1, 2011.

(c) Reimbursement to child care providers shall not exceed the fee charged to private clients for the same service.

(d) Reimbursement shall not be made for child care services when care is provided by parents, legal guardians, or members of the assistance unit.

(e) A child care provider located on an Indian reservation or rancheria and exempted from state licensing requirements shall meet applicable tribal standards.

(f) For purposes of this section, “reimbursement” means a direct payment to the provider of child care services, including license-exempt providers. If care is provided in the home of the recipient, payment may be made to the parent as the employer, and the parent shall be informed of his or her concomitant legal and financial reporting requirements. To allow time for the development of the administrative systems necessary to issue direct payments to providers, for a period not to exceed six months from the effective date of this article, a county or an alternative payment agency contracting with the State Department of Education may reimburse the cost of child care services through a direct payment to a recipient of aid rather than to the child care provider.

(g) Counties and alternative payment programs shall not be bound by the rate limits described in subdivision (a) when there are, in the region, no more than two child care providers of the

type needed by the recipient of child care services provided under this article.

(h) Notwithstanding any other law, reimbursements to child care providers based upon a daily rate may only be authorized under either of the following circumstances:

(1) A family has an unscheduled but documented need of six hours or more per occurrence, such as the parent's need to work on a regularly scheduled day off, that exceeds the certified need for child care.

(2) A family has a documented need of six hours or more per day that exceeds no more than 14 days per month. In no event shall reimbursements to a provider based on the daily rate over one month's time exceed the provider's equivalent full-time monthly rate or applicable monthly ceiling.

(3) This subdivision shall not limit providers from being reimbursed for services using a weekly or monthly rate, pursuant to subdivision (c) of Section 8222.

SEC. 3. Section 8447 of the Education Code is amended to read:

8447. (a) The Legislature hereby finds and declares that greater efficiencies may be achieved in the execution of state subsidized child care and development program contracts with public and private agencies by the timely approval of contract provisions by the Department of Finance, the Department of General Services, and the State Department of Education and by authorizing the State Department of Education to establish a multiyear application, contract expenditure, and service review as may be necessary to provide timely service while preserving audit and oversight functions to protect the public welfare.

(b) (1) The Department of Finance and the Department of General Services shall approve or disapprove annual contract funding terms and conditions, including both family fee schedules and regional market rate schedules that are required to be adhered to by contract, and contract face sheets submitted by the State Department of Education not more than 30 working days from the date of submission, unless unresolved conflicts remain between the Department of Finance, the State Department of Education, and the Department of General Services. The State Department of Education shall resolve conflicts within an additional 30 working day time period. Contracts and funding terms and conditions shall

be issued to child care contractors no later than June 1. Applications for new child care funding shall be issued not more than 45 working days after the effective date of authorized new allocations of child care moneys.

(2) Notwithstanding paragraph (1), until January 1, 2015, the State Department of Education shall implement the regional market rate schedules based upon the county aggregates, as determined by the Regional Market survey conducted in 2005. Commencing January 1, 2015, the State Department of Education shall implement the regional market rate schedules based upon the 85th percentile of county aggregates, as determined by the Regional Market survey conducted in 2009. Commencing January 1, 2015, the regional market rate schedule developed pursuant to this paragraph shall be reduced by 10.11 percent. If a ceiling for a county is less than the ceiling provided for that county before January 1, 2015, the State Department of Education shall use the ceiling from the Regional Market survey conducted in 2005.

(3) It is the intent of the Legislature to fully fund the third stage of child care for former CalWORKs recipients.

(c) With respect to subdivision (b), it is the intent of the Legislature that the Department of Finance annually review contract funding terms and conditions for the primary purpose of ensuring consistency between child care contracts and the child care budget. This review shall include evaluating any proposed changes to contract language or other fiscal documents to which the contractor is required to adhere, including those changes to terms or conditions that authorize higher reimbursement rates, modify related adjustment factors, modify administrative or other service allowances, or diminish fee revenues otherwise available for services, to determine if the change is necessary or has the potential effect of reducing the number of full-time equivalent children that may be served.

(d) Alternative payment child care systems, as set forth in Article 3 (commencing with Section 8220), shall be subject to the rates established in the Regional Market Rate Survey of California Child Care Providers for provider payments. The State Department of Education shall contract to conduct and complete a Regional Market Rate Survey no more frequently than once every two years, consistent with federal regulations, with a goal of completion by March 1.

(e) By March 1 of each year, the Department of Finance shall provide to the State Department of Education the state median income amount for a four-person household in California based on the best available data. The State Department of Education shall adjust its fee schedule for child care providers to reflect this updated state median income; however, no changes based on revisions to the state median income amount shall be implemented midyear.

(f) Notwithstanding the June 1 date specified in subdivision (b), changes to the regional market rate schedules and fee schedules may be made at any other time to reflect the availability of accurate data necessary for their completion, provided these documents receive the approval of the Department of Finance. The Department of Finance shall review the changes within 30 working days of submission and the State Department of Education shall resolve conflicts within an additional 30 working day period. Contractors shall be given adequate notice before the effective date of the approved schedules. It is the intent of the Legislature that contracts for services not be delayed by the timing of the availability of accurate data needed to update these schedules.

SEC. 4. Section 8450 of the Education Code is amended to read:

8450. (a) All child development contractors are encouraged to develop and maintain a reserve within the child development fund, derived from earned but unexpended funds. Child development contractors may retain all earned funds. For purposes of this section, “earned funds” are those for which the required number of eligible service units have been provided.

(b) (1) Earned funds shall not be expended for activities proscribed by Section 8406.7. Earned but unexpended funds shall remain in the contractor’s reserve account within the child development fund and shall be expended only by direct service child development programs that are funded under contract with the department.

(2) (A) Commencing July 1, 2011, a contractor may retain a reserve fund balance, separate from the reserve fund retained pursuant to subdivision (c) or (d), equal to 5 percent of the sum of the maximum reimbursable amounts of all contracts to which the contractor is a party, or two thousand dollars (\$2,000), whichever is greater. This paragraph applies to direct service child

development contracting agencies that are funded under contract with the department and are not a California state preschool program contracting agency.

(B) A California state preschool program contracting agency may retain a reserve fund balance, separate from the reserve fund retained pursuant to subdivision (c) or (d), equal to 15 percent of the sum of the maximum reimbursable amounts of all contracts to which the contractor is a party, or two thousand dollars (\$2,000), whichever is greater. Of the 15 percent retained, 10 percent shall solely be used for purposes of professional development for California state preschool program instructional staff. This paragraph applies to California state preschool program contracting agencies that are funded under contract with the department.

(c) Notwithstanding subdivisions (a) and (b), a contractor may retain a reserve fund balance for a resource and referral program, separate from the balance retained pursuant to subdivision (b) or (d), not to exceed 3 percent of the contract amount. Funds from this reserve account may be expended only by resource and referral programs that are funded under contract with the department.

(d) Notwithstanding subdivisions (a) and (b), a contractor may retain a reserve fund balance for alternative payment model and certificate child care contracts, separate from the reserve fund retained pursuant to subdivisions (b) and (c). Funds from this reserve account may be expended only by alternative payment model and certificate child care programs that are funded under contract with the department. The reserve amount allowed by this section may not exceed either of the following, whichever is greater:

(1) Two percent of the sum of the parts of each contract to which that contractor is a party that is allowed for administration pursuant to Section 8276.7 and that is allowed for supportive services pursuant to the provisions of the contract.

(2) One thousand dollars (\$1,000).

(e) Each contractor's audit shall identify any funds earned by the contractor for each contract through the provision of contracted services in excess of funds expended.

(f) Any interest earned on reserve funds shall be included in the fund balance of the reserve. This reserve fund shall be maintained in an interest-bearing account.

(g) Moneys in a contractor's reserve fund may be used only for expenses that are reasonable and necessary costs as defined in subdivision (n) of Section 8208.

(h) Any reserve fund balance in excess of the amount authorized pursuant to subdivisions (b), (c), and (d) shall be returned to the department pursuant to procedures established by the department.

(i) Upon termination of all child development contracts between a contractor and the department, all moneys in a contractor's reserve fund shall be returned to the department pursuant to procedures established by the department.

(j) Expenditures from, additions to, and balances in, the reserve fund shall be included in the contracting agency's annual financial statements and audit.

SEC. 5. Section 48000 of the Education Code is amended to read:

48000. (a) A child shall be admitted to a kindergarten maintained by the school district at the beginning of a school year, or at a later time in the same year if the child will have his or her fifth birthday on or before one of the following dates:

(1) December 2 of the 2011–12 school year.

(2) November 1 of the 2012–13 school year.

(3) October 1 of the 2013–14 school year.

(4) September 1 of the 2014–15 school year and each school year thereafter.

(b) The governing board of a school district maintaining one or more kindergartens may, on a case-by-case basis, admit to a kindergarten a child having attained the age of five years at any time during the school year with the approval of the parent or guardian, subject to the following conditions:

(1) The governing board determines that the admittance is in the best interests of the child.

(2) The parent or guardian is given information regarding the advantages and disadvantages and any other explanatory information about the effect of this early admittance.

(c) As a condition of receipt of apportionment for pupils in a transitional kindergarten program pursuant to Section 46300, a school district or charter school shall ensure the following:

(1) In the 2012–13 school year, a child who will have his or her fifth birthday between November 2 and December 2 shall be

admitted to a transitional kindergarten program maintained by the school district.

(2) In the 2013–14 school year, a child who will have his or her fifth birthday between October 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district.

(3) In the 2014–15 school year and each school year thereafter, a child who will have his or her fifth birthday between September 2 and December 2 shall be admitted to a transitional kindergarten program maintained by the school district.

(d) For purposes of this section, “transitional kindergarten” means the first year of a two-year kindergarten program that uses a modified kindergarten curriculum that is age and developmentally appropriate.

(e) A transitional kindergarten shall not be construed as a new program or higher level of service.

(f) It is the intent of the Legislature that transitional kindergarten curriculum be aligned to the California Preschool Learning Foundations developed by the department.

(g) As a condition of receipt of apportionment for pupils in a transitional kindergarten program pursuant to Section 46300, a school district or charter school shall ensure that credentialed teachers who are first assigned to a transitional kindergarten classroom after July 1, 2015, have, by August 1, 2020, one of the following:

(1) At least 24 units in early childhood education, or childhood development, or both.

(2) As determined by the local educational agency employing the teacher, professional experience in a classroom setting with preschool age children that is comparable to the 24 units of education described in paragraph (1).

(3) A child development teacher permit issued by the Commission on Teacher Credentialing.

SEC. 6. Section 51749.5 of the Education Code is amended to read:

51749.5. (a) Notwithstanding any other law, and commencing with the 2015–16 school year, a school district, charter school, or county office of education may, for pupils enrolled in kindergarten and grades 1 to 12, inclusive, provide independent study courses pursuant to the following conditions:

(1) The governing board or body of a participating school district, charter school, or county office of education adopts policies, at a public meeting, that comply with the requirements of this section and any applicable regulations adopted by the state board.

(2) A signed learning agreement is completed and on file pursuant to Section 51749.6.

(3) Courses are taught under the general supervision of certificated employees who hold the appropriate subject matter credential pursuant to Section 44300 or 44865, or subdivision (I) of Section 47605, meet the requirements for highly qualified teachers pursuant to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), and are employed by the school district, charter school, or county office of education at which the pupil is enrolled, or by a school district, charter school, or county office of education that has a memorandum of understanding to provide the instruction in coordination with the school district, charter school, or county office of education at which the pupil is enrolled.

(4) (A) Courses are annually certified, by school district, charter school, or county office of education governing board or body resolution, to be of the same rigor and educational quality as equivalent classroom-based courses, and shall be aligned to all relevant local and state content standards.

(B) This certification shall, at a minimum, include the duration, number of equivalent daily instructional minutes for each schoolday that a pupil is enrolled, number of equivalent total instructional minutes, and number of course credits for each course. This information shall be consistent with that of equivalent classroom-based courses.

(5) Pupils enrolled in courses authorized by this section shall meet the applicable age requirements established pursuant to Sections 46300.1, 46300.4, 47612, and 47612.1.

(6) Pupils enrolled in courses authorized by this section shall meet the applicable residency and enrollment requirements established pursuant to Sections 46300.2, 47612, 48204, and 51747.3.

(7) (A) Certificated employees and each pupil shall communicate in person, by telephone, or by any other live visual or audio

connection no less than twice per calendar month to assess whether each pupil is making satisfactory educational progress.

(B) For purposes of this section, satisfactory educational progress includes, but is not limited to, applicable statewide accountability measures and the completion of assignments, examinations, or other indicators that evidence that the pupil is working on assignments, learning required concepts, and progressing toward successful completion of the course, as determined by certificated employees providing instruction.

(C) If satisfactory educational progress is not being made, certificated employees providing instruction shall notify the pupil and, if the pupil is less than 18 years of age, the pupil's parent or legal guardian, and conduct an evaluation to determine whether it is in the best interest of the pupil to remain in the course or whether he or she should be referred to an alternative program, which may include, but is not limited to, a regular school program. A written record of the findings of an evaluation made pursuant to this subdivision shall be treated as a mandatory interim pupil record. The record shall be maintained for a period of three years from the date of the evaluation and, if the pupil transfers to another California public school, the record shall be forwarded to that school.

(D) Written or computer-based evidence of satisfactory educational progress, as defined in subparagraph (B), shall be retained for each course and pupil. At a minimum, this evidence shall include a grade book or summary document that, for each course, lists all assignments, examinations, and associated grades.

(8) A proctor shall administer examinations.

(9) (A) Statewide testing results for pupils enrolled in any course authorized pursuant to this section shall be reported and assigned to the school or charter school at which the pupil is enrolled, and to any school district, charter school, or county office of education within which that school's or charter school's testing results are aggregated.

(B) Statewide testing results for pupils enrolled in a course or courses pursuant to this section shall be disaggregated for purposes of comparing the testing results of those pupils to the testing results of pupils enrolled in classroom-based courses.

(10) A pupil shall not be required to enroll in courses authorized by this section.

(11) The pupil-to-certificated-employee ratio limitations established pursuant to Section 51745.6 are applicable to courses authorized by this section.

(12) For each pupil, the combined equivalent daily instructional minutes for enrolled courses authorized by this section and enrolled courses authorized by all other laws and regulations shall meet the minimum instructional day requirements applicable to the local educational agency. Pupils enrolled in courses authorized by this section shall be offered the minimum annual total equivalent instructional minutes pursuant to Sections 46200 to 46208, inclusive, and Section 47612.5.

(13) Courses required for high school graduation or for admission to the University of California or California State University shall not be offered exclusively through independent study.

(14) A pupil participating in independent study shall not be assessed a fee prohibited by Section 49011.

(15) A pupil shall not be prohibited from participating in independent study solely on the basis that he or she does not have the materials, equipment, or Internet access that are necessary to participate in the independent study course.

(b) For purposes of computing average daily attendance for each pupil enrolled in one or more courses authorized by this section, the following computations shall apply:

(1) (A) For each schoolday, add the combined equivalent daily instructional minutes, as certified in paragraph (4) of subdivision (a), for courses authorized by this section in which the pupil is enrolled.

(B) For each schoolday, add the combined daily instructional minutes of courses authorized by all other laws and regulations in which the pupil is enrolled and for which the pupil meets applicable attendance requirements.

(C) For each schoolday, add the sum of subparagraphs (A) and (B).

(2) If subparagraph (C) of paragraph (1) meets applicable minimum schoolday requirements for each schoolday, and all other requirements in this section have been met, credit each schoolday that the pupil is demonstrating satisfactory educational progress pursuant to the requirements of this section, with up to one school day of attendance.

(3) (A) Using credited schoolday attendance pursuant to paragraph (2), calculate average daily attendance pursuant to Section 41601 or 47612, whichever is applicable, for each pupil.

(B) The average daily attendance computed pursuant to this subdivision shall not result in more than one unit of average daily attendance per pupil.

(4) Notwithstanding any other law, average daily attendance computed for pupils enrolled in courses authorized by this section shall not be credited with average daily attendance other than what is specified in this section.

(5) If more than 10 percent of the total average daily attendance of a school district, charter school, or county office of education is claimed pursuant to this section, then the amount of average daily attendance for all pupils enrolled by that school district, charter school, or county office of education in courses authorized pursuant to this section that is in excess of 10 percent of the total average daily attendance for the school district, charter school, or county office of education shall be reduced by either (A) the statewide average rate of absence for elementary school districts for kindergarten and grades 1 to 8, inclusive, or (B) the statewide average rate of absence for high school districts for grades 9 to 12, inclusive, as applicable, as calculated by the department for the prior fiscal year, with the resultant figures and ranges rounded to the nearest 10th.

(c) For purposes of this section, “equivalent total instructional minutes” means the same number of minutes as required for an equivalent classroom-based course.

(d) Nothing in this section shall be deemed to prohibit the right to collectively bargain any subject within the scope of representation pursuant to Section 3543.2 of the Government Code.

(e) (1) The Superintendent shall conduct an evaluation of independent study courses offered pursuant to this section and report the findings to the Legislature and the Director of Finance no later than September 1, 2019. The report shall, at a minimum, compare the academic performance of pupils in independent study with demographically similar pupils enrolled in equivalent classroom-based courses.

(2) The requirement for submitting a report imposed under paragraph (1) is inoperative on September 1, 2023, pursuant to Section 10231.5 of the Government Code.

(3) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 7. Section 53012 of the Education Code is amended to read:

53012. A grant recipient under this chapter may be a school district, county office of education, direct-funded charter school, regional occupational center or program operated by a joint powers authority, or community college district.

SEC. 8. Section 84754.6 of the Education Code is amended to read:

84754.6. (a) The Chancellor of the California Community Colleges, in coordination with community college stakeholder groups, the appropriate fiscal and policy committees of the Legislature, and the Department of Finance, shall develop, and the board of governors shall adopt, a framework of indicators designed to measure the ongoing condition of a community college's operational environment in the following areas:

- (1) Accreditation status.
- (2) Fiscal viability.
- (3) Student performance and outcomes.
- (4) Programmatic compliance with state and federal guidelines.

(b) As a condition of receipt of funds appropriated for purposes of Article 1 (commencing with Section 78210) of Chapter 2 of Part 48, each community college within a community college district shall develop, adopt, and publicly post a goals framework that addresses at least all of the areas specified in subdivision (a). The development of the goals framework shall be guided by the statewide goals outlined in Section 66010.91. It is the intent of the Legislature that these goals be challenging and quantifiable, address achievement gaps for underrepresented populations, and align the educational attainment of California's adult population to the workforce and economic needs of the state, pursuant to the legislative intent expressed in Section 66010.93.

(c) The board of governors shall annually develop, adopt, and publicly post a systemwide goals framework that addresses at least all of the areas specified in subdivision (a). The development of the systemwide goals shall be guided by the statewide goals set forth in Section 66010.91. It is the intent of the Legislature that these goals be challenging and quantifiable, address achievement

gaps for underrepresented populations, and align the educational attainment of California’s adult population to the workforce and economic needs of the state, pursuant to the legislative intent expressed in Section 66010.93.

(d) Before the commencement of the 2015–16 fiscal year, and before the commencement of each fiscal year thereafter, the Chancellor of the California Community Colleges shall publicly post both of the following:

(1) Annually developed systemwide goals adopted by the board of governors.

(2) Locally developed and adopted community college or community college district goals and targets.

(e) Subject to the availability of funding in the annual Budget Act, the board of governors and the Chancellor of the California Community Colleges shall assess the degree to which each community college district is improving its outcomes in regard to the areas specified in subdivision (a) and any additional issues addressed in the goals frameworks described in subdivision (b), and shall offer technical assistance to community college districts that are not improving.

(f) If a community college district is receiving technical assistance pursuant to subdivision (e), the community college district shall submit a turnaround plan that details all of the following:

(1) The problem the technical assistance is attempting to solve.

(2) How the identified problem will be addressed in a plan adopted by the governing board of the community college district.

(3) A timetable of major milestones for improvement.

(4) Updates that will be submitted to the Chancellor of the California Community Colleges on the outcomes in regard to those milestones, as scheduled by the chancellor.

SEC. 9. Section 89295 of the Education Code is amended to read:

89295. (a) For purposes of this section, the following terms are defined as follows:

(1) The “four-year graduation rate” means the percentage of a cohort of undergraduate students who entered the university as freshmen at any campus and graduated from any campus within four years.

(2) The “six-year graduation rate” means the percentage of a cohort of undergraduate students who entered the university as freshmen at any campus and graduated from any campus within six years.

(3) The “two-year transfer graduation rate” means the percentage of a cohort of undergraduate students who entered the university at any campus as junior-level transfer students from the California Community Colleges and graduated from any campus within two years.

(4) The “three-year transfer graduation rate” means the percentage of a cohort of undergraduate students who entered the university as junior-level transfer students from the California Community Colleges at any campus and graduated from any campus within three years.

(5) The “four-year transfer graduation rate” means the percentage of a cohort of undergraduate students who entered the university as junior-level transfer students from the California Community Colleges at any campus and graduated from any campus within four years.

(6) “Low-income student” means an undergraduate student who has an expected family contribution, as defined in subdivision (g) of Section 69432.7, at any time during the student’s matriculation at the institution that would qualify the student to receive a federal Pell Grant. The calculation of a student’s expected family contribution shall be based on the Free Application for Federal Student Aid (FAFSA) application or an application determined by the California Student Aid Commission to be equivalent to the FAFSA application submitted by that applicant.

(b) Commencing with the 2013–14 academic year, the California State University shall report, by March 15 of each year, on the following performance measures for the preceding academic year, to inform budget and policy decisions and promote the effective and efficient use of available resources:

(1) The number of California Community College transfer students enrolled and the percentage of California Community College transfer students as a proportion of the total number of undergraduate students enrolled.

(2) The number of new California Community College transfer students enrolled and the percentage of new California Community

College transfer students as a proportion of the total number of new undergraduate students enrolled.

(3) The number of low-income students enrolled and the percentage of low-income students as a proportion of the total number of undergraduate students enrolled.

(4) The number of new low-income students enrolled and the percentage of low-income students as a proportion of the total number of new undergraduate students enrolled.

(5) The four-year graduation rate for students who entered the university four years prior and, separately, for low-income students in that cohort.

(6) The four-year and six-year graduation rates for students who entered the university six years prior and, separately, for low-income students in that cohort.

(7) The two-year transfer graduation rate for students who entered the university two years prior and, separately, for low-income students in that cohort.

(8) The two-year and three-year transfer graduation rates for students who entered the university three years prior and, separately, for low-income students in that cohort.

(9) The two-year, three-year, and four-year transfer graduation rates for students who entered the university four years prior and, separately, for low-income students in that cohort.

(10) The number of degree completions annually, in total and for the following categories:

- (A) Freshman entrants.
- (B) California Community College transfer students.
- (C) Graduate students.
- (D) Low-income students.

(11) The percentage of freshman entrants who have earned sufficient course credits by the end of their first year of enrollment to indicate that they will graduate within four years.

(12) The percentage of California Community College transfer students who have earned sufficient course credits by the end of their first year of enrollment to indicate that they will graduate within two years.

(13) For all students, the total amount of funds received from all sources identified in subdivision (c) of Section 89290 for the year, divided by the number of degrees awarded that same year.

(14) For undergraduate students, the total amount of funds received from all sources identified in subdivision (c) of Section 89290 for the year expended for undergraduate education, divided by the number of undergraduate degrees awarded that same year.

(15) The average number of California State University course credits and the total course credits, including credits accrued at other institutions, accumulated by all undergraduate students who graduated, and separately for freshman entrants and California Community College transfer students.

(16) (A) The number of degree completions in science, technology, engineering, and mathematics (STEM) fields, in total, and separately for undergraduate students, graduate students, and low-income students.

(B) For purposes of subparagraph (A), “STEM fields” include, but are not necessarily limited to, all of the following: computer and information sciences, engineering and engineering technologies, biological and biomedical sciences, mathematics and statistics, physical sciences, and science technologies.

(c) It is the intent of the Legislature that the appropriate policy and fiscal committees of the Legislature review these performance measures in a collaborative process with the Department of Finance, the Legislative Analyst’s Office, individuals with expertise in statewide accountability efforts, the University of California, the California State University, and, for purposes of data integrity and consistency, the California Community Colleges, and consider any recommendations for their modification and refinement. It is further the intent of the Legislature that any modification or refinement of these measures be guided by the legislative intent expressed in Section 66010.93.

SEC. 10. Section 92495 of the Education Code is amended to read:

92495. (a) (1) Commencing with the 2013–14 fiscal year and for each fiscal year thereafter, if the University of California plans to use any of its support appropriation in the annual budget for the subsequent fiscal year for capital expenditures pursuant to Section 92493, as defined in paragraph (1) of subdivision (b) of that section, or for capital outlay projects pursuant to Section 92494, as defined in paragraph (1) of subdivision (b) of that section, it shall simultaneously submit, on or before September 1, 10 months before the commencement of that fiscal year, a report to the

committees in each house of the Legislature that consider the annual state budget, the budget subcommittees in each house of the Legislature that consider appropriations for the University of California, and the Department of Finance.

(2) The report shall detail the scope of capital expenditures or capital outlay projects and how the capital expenditures or capital outlay projects will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(3) The Department of Finance shall review the report and submit, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the annual state budget and the budget subcommittees in each house of the Legislature that consider appropriations for the University of California. These committees may review and respond to the list of preliminarily approved capital expenditures and capital outlay projects before April 1.

(4) The Department of Finance shall submit a final list of approved capital expenditures and capital outlay projects to the University of California no earlier than April 1, three months before the commencement of the fiscal year of the planned expenditures.

(b) The Department of Finance may approve capital expenditures defined in paragraph (3) of subdivision (b) of Section 92493, or capital outlay projects defined in paragraph (2) of subdivision (b) of Section 92494, no sooner than 30 days after submitting, in writing, a list of capital expenditures and capital outlay projects being considered for approval to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee.

(c) The University of California shall not use its General Fund support appropriation to fund a capital expenditure defined in paragraph (1) or (3) of subdivision (b) of Section 92493, or capital outlay project defined in subdivision (b) of Section 92494, before receiving approval from the Department of Finance pursuant to this section.

(d) (1) For the 2013–14 fiscal year only, if the University of California plans to use any of its support appropriation in the annual budget for the 2013–14 fiscal year for capital expenditures

pursuant to Section 92493, as defined in paragraph (1) of subdivision (b) of that section, or for capital outlay projects pursuant to Section 92494, it shall simultaneously submit, on or before August 1 of that fiscal year, a report to the Joint Legislative Budget Committee and the Department of Finance. This report shall detail the scope of each capital outlay project or capital expenditure and how it will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(2) The Department of Finance shall review the report and submit a list of preliminarily approved projects to the Joint Legislative Budget Committee by November 1 of that fiscal year.

(3) The Department of Finance shall submit a final list of approved projects to the University of California no earlier than December 1 of that fiscal year.

(4) The University of California shall not proceed with any capital expenditures pursuant to Section 92493, as defined in paragraph (1) of subdivision (b) of that section, or capital outlay projects pursuant to Section 92494, before receiving approval from the Department of Finance pursuant to this subdivision.

(e) Notwithstanding subdivision (b), the University of California may use the authority provided in Section 92493 for the Merced Classroom and Academic Office Building, as specified in Provision 3 of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2013.

(f) Notwithstanding Section 10231.5 of the Government Code, commencing with the 2014–15 fiscal year, on or before February 1 of each fiscal year, the University of California shall simultaneously submit a progress report to the Joint Legislative Budget Committee and the Department of Finance detailing the scope, funding, and current status of all capital expenditures undertaken pursuant to Section 92493 and for all capital outlay projects undertaken pursuant to Section 92494.

SEC. 11. Section 92675 of the Education Code is amended to read:

92675. (a) For purposes of this section, the following terms are defined as follows:

(1) The “four-year graduation rate” means the percentage of a cohort of undergraduate students who entered the university as freshmen at any campus and graduated from any campus within four years.

(2) The “two-year transfer graduation rate” means the percentage of a cohort of undergraduate students who entered the university at any campus as junior-level transfer students from the California Community Colleges and graduated from any campus within two years.

(3) “Low-income student” means an undergraduate student who has an expected family contribution, as defined in subdivision (g) of Section 69432.7, at any time during the student’s matriculation at the institution that would qualify the student to receive a federal Pell Grant. The calculation of a student’s expected family contribution shall be based on the Free Application for Federal Student Aid (FAFSA) application or an application determined by the California Student Aid Commission to be equivalent to the FAFSA application submitted by that applicant.

(b) Commencing with the 2013–14 academic year, the University of California shall report, by March 15 of each year, on the following performance measures for the preceding academic year, to inform budget and policy decisions and promote the effective and efficient use of available resources:

(1) The number of transfer students enrolled from the California Community Colleges, and the percentage of California Community College transfer students as a proportion of the total number of undergraduate students enrolled.

(2) The number of new transfer students enrolled from the California Community Colleges, and the percentage of California Community College transfer students as a proportion of the total number of new undergraduate students enrolled.

(3) The number of low-income students enrolled and the percentage of low-income students as a proportion of the total number of undergraduate students enrolled.

(4) The number of new low-income students enrolled and the percentage of low-income students as a proportion of the total number of new undergraduate students enrolled.

(5) The four-year graduation rate for students who entered the university four years prior and, separately, for low-income students in that cohort.

(6) The two-year transfer graduation rate for students who entered the university two years prior and, separately, for low-income students in that cohort.

(7) The number of degree completions, in total and for the following categories:

- (A) Freshman entrants.
- (B) California Community College transfer students.
- (C) Graduate students.
- (D) Low-income students.

(8) The percentage of freshman entrants who have earned sufficient course credits by the end of their first year of enrollment to indicate they will graduate within four years.

(9) The percentage of California Community College transfer students who have earned sufficient course credits by the end of their first year of enrollment to indicate they will graduate within two years.

(10) For all students, the total amount of funds received from all sources identified in subdivision (c) of Section 92670 for the year, divided by the number of degrees awarded that same year.

(11) For undergraduate students, the total amount of funds received from the sources identified in subdivision (c) of Section 92670 for the year expended for undergraduate education, divided by the number of undergraduate degrees awarded that same year.

(12) The average number of University of California course credits and total course credits, including credit accrued at other institutions, accumulated by all undergraduate students who graduated, and separately for freshman entrants and California Community College transfer students.

(13) (A) The number of degree completions in science, technology, engineering, and mathematics (STEM) fields, in total, and separately for undergraduate students, graduate students, and low-income students.

(B) For purposes of subparagraph (A), “STEM fields” include, but are not necessarily limited to, all of the following: computer and information sciences, engineering and engineering technologies, biological and biomedical sciences, mathematics and statistics, physical sciences, and science technologies.

(c) It is the intent of the Legislature that the appropriate policy and fiscal committees of the Legislature review these performance measures in a collaborative process with the Department of Finance, the Legislative Analyst’s Office, individuals with expertise in statewide accountability efforts, the University of California, the California State University, and, for purposes of

data integrity and consistency, the California Community Colleges, and consider any recommendations for their modification and refinement. It is further the intent of the Legislature that any modification or refinement of these measures be guided by the legislative intent expressed in Section 66010.93.

SEC. 12. Section 10502 of the Public Contract Code is amended to read:

10502. The Regents of the University of California shall give public notice of a project to bidders by publication twice within the 60-day period preceding the day set for the receiving of bids as follows:

(a) Either in one newspaper of general circulation published in the county in which the major portion of the project is located and in one such trade paper circulated in the county in which the major portion of the work is to be done or electronically on the Internet Web site of the university.

(b) The notices shall state the time and place for the receiving and opening of sealed bids, describe in general terms the work to be done, and describe the bidding mode by which the lowest responsible bidder will be selected.

SEC. 13. (a) Of the moneys appropriated in Item 6110-196-0001 of the Budget Act of 2014, the sum of fifteen million dollars (\$15,000,000) shall be allocated to the State Department of Education to be used to fund professional development stipends for teachers, to be administered by local planning councils established pursuant to Chapter 2.3 (commencing with Section 8499) of Part 6 of Division 1 of Title 1 of the Education Code. The funds shall be allocated as follows:

(1) (A) First priority shall be for professional development stipends for transitional kindergarten teachers.

(B) For purposes of this paragraph, professional development stipends shall include, but shall not be limited to, stipends for credentialed teachers to complete at least 24 units in early childhood education or childhood development, or a combination of both, pursuant to paragraph (1) of subdivision (g) of Section 48000 of the Education Code.

(2) Second priority shall be for professional development stipends for teachers in the California state preschool program, pursuant to Article 7 (commencing with Section 8235) of Chapter 2 of Part 6 of Division 1 of Title 1 of the Education Code for the

costs of credit bearing coursework in early childhood education, child development, or both.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the allocations for professional development activities pursuant to this section are “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for that fiscal year.

SEC. 14. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 15. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.



Approved \_\_\_\_\_, 2014

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*Governor*